

BOARD MEETING DATE: October 5, 2012

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the September 7, 2012 meeting.

RECOMMENDED ACTION:

Approve Minutes of the September 7, 2012 Board Meeting.

Saundra McDaniel,
Clerk of the Boards

SM:dp

FRIDAY, SEPTEMBER 7, 2012

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman
Cities of San Bernardino County

Supervisor Michael D. Antonovich
County of Los Angeles

Supervisor John J. Benoit
County of Riverside

Mayor Michael A. Cacciotti (arrived at 9:15 a.m.)
Cities of Los Angeles County – Eastern Region

Supervisor Josie Gonzales (left at 10:25 a.m.)
County of San Bernardino

Dr. Joseph K. Lyou
Governor's Appointee

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson (arrived at 9:30 a.m.)
County of Orange

Dr. Clark E. Parker
Senate Rules Committee Appointee

Mayor Miguel A. Pulido (arrived at 10:50 a.m.)
Cities of Orange County

Members Absent:

Mayor Ronald O. Loveridge
Cities of Riverside County

Councilmember Jan Perry
City of Los Angeles

CALL TO ORDER: Chairman Burke called the meeting to order at 9:10 a.m.

- Pledge of Allegiance: Led by Supervisor Antonovich.


CONSENT CALENDAR

1. Approve Minutes of July 13, 2012 Board Meeting

Budget/Fiscal Impact

2. Amend Contract for Policy Consultation Regarding Local, State and Federal Transportation Issues
3. Issue RFP for Legislative Representation in Washington, D.C.
4. Execute Contract for One-Year TV Partnership
5. Issue RFP for Replacement of Heating, Ventilation, and Air Conditioning Black Steel Piping at AQMD Headquarters
6. Recognize Funds and Approve Additional Truck Projects under "Year 3" Proposition 1B-Goods Movement Program

An errata sheet containing the removal of seven applicants from the truck projects and correcting the name of one applicant was provided to the Board Members and copies made available to the public.

7. Authorize Acquisition of Six Advanced Technology Vehicles for AQMD's Alternative Fuel Vehicle Demonstration Program 

An errata sheet containing a modification to the language in four parts of the Board letter was provided to the Board Members and copies made available to the public.

8. Execute Contract with Legal Counsel to Provide Representation in Employment Litigation Matter
9. Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services

10. Appoint Alternate Engineer Member to AQMD Hearing Board
11. Approve Contract Awards and Modifications and Fund Transfer for Miscellaneous Costs in FY 2012-13 Approved by MSRC

Items 12 through 21 - Information Only/Receive and File

12. Legislative & Public Affairs Report
13. Hearing Board Report
14. Civil Filings and Civil Penalties Report
15. Lead Agency Projects and Environmental Documents Received by AQMD
16. Rule and Control Measure Forecast
17. Report of RFPs and RFQs Scheduled for Release in September
18. FY 2011-12 Contract Activity
19. Summary of Changes to FY 2011-12 Approved Budget
20. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2012-13
21. Zero and Near-Zero Emission Technologies and Energy Quarterly Report of Activities Related to Powering Future Vision

Dr. Lyou announced his abstention on Item No. 4 because NBC Universal and Disney Worldwide Services are potential sources of income to him; and on Item No. 8 because Paul Hastings LLP is a potential source of income to him.

Agenda item 6 was withheld to address the item once staff could provide clarifications in the form of an errata sheet.

MOVED BY BENOIT, SECONDED BY YATES,
AGENDA ITEMS 1 THROUGH 5 AND 7 THROUGH
21 APPROVED AS RECOMMENDED, WITH THE
MODIFICATION TO ITEM NO. 7 AS STATED IN
THE ERRATA SHEET AND SET FORTH BELOW,
BY THE FOLLOWING VOTE:

AYES: Antonovich, Benoit, Burke, Gonzales,
Lyou (*except Items #4 & #8*), Mitchell,
Parker and Yates.

NOES: None.

ABSTAIN: Lyou (*Items #4 & #8 only*).

ABSENT: Cacciotti, Loveridge, Nelson
Perry and Pulido.

**Modify the text in the Board Letter for Agenda Item #7 in the four places
listed below with the following language:**

“2012” Chevrolet Volts to “*2012 or newer*”

RECOMMENDED ACTION #2

BACKGROUND, Paragraph 4, last sentence

**PROCUREMENT PROCESS, fourth sentence
and “~~2012~~ California ATPZEV” in fifth sentence**

RESOURCE IMPACT, Table

(Mayor Cacciotti arrived at 9:15 a.m.)

BOARD CALENDAR

- 23. Administrative Committee
- 24. Legislative Committee
- 25. Mobile Source Committee
- 26. Stationary Source Committee
- 27. Technology Committee

- 28. Mobile Source Air Pollution Reduction Review Committee
- 29. California Air Resources Board Monthly Report
- 30. California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update 
- 31. Status Report on Regulation XIII - New Source Review

MOVED BY LYOU, SECONDED BY ANTONOVICH,
AGENDA ITEMS 23, 24 AND 26 THROUGH 31
APPROVED AS RECOMMENDED, RECEIVING AND
FILING THE BOARD COMMITTEES, MSRC AND
CARB REPORTS AND ADOPTING THE POSITION
ON LEGISLATION AS SET FORTH BELOW, BY THE
FOLLOWING VOTE:

AYES: Antonovich, Benoit, Burke, Cacciotti,
Gonzales, Lyou, Mitchell, Parker and
Yates.

NOES: None.

ABSENT: Loveridge, Nelson, Perry and Pulido.

Agenda Item	Recommended Position
AB 972 (Butler) Oil and Gas; Hydraulic Fracturing: Moratorium	Watch

- 25. Mobile Source Committee

Dr. Lyou asked staff to elaborate on a notation that the hearing on the AQMP would be delayed to the November 2012 Board meeting.

Dr. Wallerstein responded that in order to eliminate the need for a 2013 AQMP, staff has delayed the finalization of the 2012 AQMP pending resolution of several issues in litigation, especially related to the 1-hour ozone plan and the VMT issue, as well as the likelihood that U.S. EPA will require a new 1-hour ozone demonstration. Staff plans to bring the item to the Board for consideration at its November 2, 2012 or December 7, 2012 meeting.

MOVED BY LYOU, SECONDED BY YATES,
AGENDA ITEM 25 APPROVED AS
RECOMMENDED, RECEIVING AND FILING THE
MOBILE SOURCE COMMITTEE REPORT, BY THE
FOLLOWING VOTE:

AYES: Antonovich, Benoit, Burke, Cacciotti,
Gonzales, Lyou, Mitchell, Parker and
Yates.

NOES: None.

ABSENT: Loveridge, Nelson, Perry and Pulido.

PUBLIC HEARING

32. Amend Rule 1110.2 – Emissions from Gaseous- and Liquid-Fueled Engines
(Continued from the July 13, 2012 Board Meeting)

Dr. Laki Tisopulos, Assistant DEO/Planning & Rules, gave the staff presentation.

(Supervisor Nelson arrived at 9:30 a.m.)

Mayor Yates asked what impact proposed AB 1900, authorizing biogas to be placed in the natural gas lines throughout California, has on these operators.

Dr. Tisopulos responded that it offers them an alternative compliance option.

Dr. Wallerstein added that there are a total of seven compliance options available including SCR, Noxtech, fuel cells, flex energy, turbines, flaring and placing biogas into the gas pipeline.

Mayor Yates questioned the reliability of Noxtech's technology, if they are willing to guarantee their equipment, and if they will be able to meet the production demand.

Dr. Tisopulos noted that they have related to staff that they are confident in the application of their technology in a biogas setting, will offer similar warranties to that of the catalytic system manufacturers, and are working with local manufacturers as sub-contractors to increase production if necessary.

In response to Mayor Yates' inquiry into the NOx reduction deadlines the Basin is facing, Dr. Tisopulos noted the PM_{2.5} attainment with NOx being a precursor is in the 2014 to 2015 timeframe; and NOx is also a precursor for ozone attainment, which has a deadline of 2023.

Dr. Wallerstein noted that the region is hundreds and hundreds of tons short on NOx reductions; so, it is important to take steps now to avoid a larger burden as the deadline approaches, as well as avoid potential litigation as a result of not making the reductions in a timely enough manner. He added that by doing as much as possible with the stationary sources, the District can act as an influence on CARB and the U.S. EPA to spur movement for mobile source reductions.

Mayor Yates commented that the current proposal is a good compromise for the stakeholders in an effort to lower NOx emissions and encouraged operators to take advantage of the early-compliance incentive.

Dr. Wallerstein emphasized that this amendment provides a rollback which grants additional time and the proposal provides for a status report so that operators' concerns could be heard by the Board if they encountered any unexpected problems that would prevent them from meeting the January 2016 deadline. He provided an example from the Inland Empire Utilities Agency who took action after the 2008 rule adoption and started the planning process which resulted in them starting to utilize a fuel cell this year.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 32.

GREG KESTER, California Association of Sanitation Agencies (CASA)

JOHN PASTORE, Southern CA Alliance of POTWS (SCAP)

MATTHEW HARPER, Orange County Waste & Recycling

Explained that the original rule adoption directed staff to conduct a technology assessment of the specific impacts of commercial biogas engine control technologies needed to comply with the emission limits and also directed staff to ensure that there are cost-effective and commercial technologies available to comply with the proposed limits so that increased flaring of landfill and biogas will not occur and that the schedule for compliance is reasonable. Commented that the current proposal provides insufficient time to design and construct a system that complies with the requirements and requested an effective date of July 2017 for implementation of the proposed biogas limits and that the ongoing demonstration projects are allowed to be completed prior to the publication of the technology assessment.

FRANK CAPONI, Los Angeles County Sanitation Districts

Noted that there really are not seven options available for compliance because Noxtech is still developmental technology and flex energy is not applicable to any application in the Basin; commented on the Ox Mountain project, indicating that it did show a successful reduction in NOx by way of catalyst but still not enough to meet the rule limits; and urged the Board to adopt the reasonable time frame of five years.

LISA ROTHBART, Orange County Sanitation District

Explained that her agency performed the technology feasibility project utilizing the gas cleanup and dual catalyst system and submitted one year's worth of data to staff. She noted that although the project was considered a success, they have recently encountered a number of complications and are still not sure about the widespread implementation of that method; and, therefore, asked the Board to extend the compliance date to July 2017.

JAYNE JOY, Eastern Municipal Water District

Detailed the projects that her organization has undertaken including fuel cells, which have been found to be very cost ineffective, and digester gas engines, which are a work in progress, but are still not meeting the 11 PPM threshold. She urged the Board to wait for their data to be included in the technology assessment. (Submitted Written Comments)

EDWARD J. FILADELFIA, Riverside Regional Water Quality Control Plant

Commented on his agency's extensive experience using fuel cells, which only have a three-year life span, which leads to a significant operating expense when replacement is necessary. He added that the economic impact greatly influences what methods will be used; so, the technology must not only be reliable, but also cost-effective.

JOHN CLAUS, City of San Bernardino Municipal Water Department

Noted that the catalytic process that was demonstrated is incompatible with the water department's engine systems and it would be extremely costly to tailor to their operation. He explained a partnership they recently formed with the Gas Technology Institute that will involve the demonstration of a hydrogen-injection project at their facility through the use of grant money. He highlighted the many attributes of the system, stating it should increase system efficiency, reduce costs, reduce emissions to below Rule 1110.2 limits, increase the reuse of the renewable energy source, and eliminate the need for gas pre-treatment; and he requested that the Board set the effective date to July 2017 so that the project can be thoroughly implemented and tested.

BRENNON FLAHIVE, South Orange County Wastewater Authority

Explained that the installation of a new SCR gas cleanup system is cost-prohibitive for smaller entities and retrofit of current equipment would increase the electricity cost too much. He urged the Board to approve the July 2017 compliance date so that further development of alternate technologies could take place.

SUPARNA CHAKLADAR, Fortistar Methane Group

Explained that her organization consists of private developers that subsist solely on energy generation from landfill gas; commented that the natural gas project performed at Ox Mountain does not relate well to their facilities; and asked the Board to set the compliance date to July 1, 2017 so that technology such as Noxtech can be demonstrated on landfill gas projects and hopefully prove to be a cost-effective method to be utilized on a widespread scale.

ROSALIE MULÉ, Waste Management

Expressed support for AB 1900 which will allow treated landfill gas to be injected into the interstate natural gas pipeline system and provide another option to utilize landfill gas; and urged the Board to set an effective date of July 1, 2017 to provide sufficient time for implementation of new technology and to ensure the improvements will be cost-effective.

ALEC MILLER, Johnson Matthey

Provided reassurance that catalyst technology has been successfully installed and operated on various applications and offered further details about the reliability and lifespan of catalysts and SCR systems.

(Supervisor Gonzales left at 10:25 a.m.)

JIM STEWART, Sierra Club

Urged adoption of the proposed amendments to protect the public from the negative health impacts of NOx emissions.

There being no further public testimony on this item, the public hearing was closed.

Written Comments Submitted by:

Joseph Kubsh, Manufacturers of Emission Controls Association
Arthur L. Rivera, County of San Bernardino Department of Public Works

Dr. Wallerstein addressed the suggestions made by Eastern Municipal Water District for amendments to the rule and resolution language and identified one potential change to help the Board stay abreast of the developing technology

by noting that reports to the Stationary Source Committee will take place starting July 1, 2013 and continue annually thereafter.

Dr. Lyou suggested the addition of “and at least annually” to the Resolution language in regards to the status reports to the Stationary Source Committee.

Supervisor Benoit noted that providing stakeholders with a 2017 compliance deadline might be prudent and also encouraged the inclusion of additional incentives for early compliance.

Supervisor Antonovich stressed the importance of the role that sanitation districts play in maintaining public health and encouraged a collaborative effort to avoid costly measures that could negatively impact these services.

SUPERVISOR ANTONOVICH MOVED APPROVAL
OF STAFF’S RECOMMENDATION WITH THE
AMENDMENT TO EXTEND THE JANUARY 1, 2016
COMPLIANCE DATE TO JULY 1, 2017. THE
MOTION WAS SECONDED BY SUPERVISOR
NELSON.

Supervisor Nelson expressed concern that the operators have invested in past technologies and entered into long-term contracts and will now be required to output more funds to install technology that has not been proven for their specific applications. He added that the cost will ultimately be passed on to the residents.

Dr. Lyou acknowledged that while many operators face the challenge of not knowing if the technology can be successfully applied to their operations or whether they can meet the proposed deadline, some of them may not have been doing all they could have to plan for the implementation of the rule and give a genuine effort to reducing NOx emissions. In addition, he requested that staff collect toxics emission data during the testing process.

(Mayor Pulido arrived at 10:50 a.m.)

Mayor Yates commented that the negative health impacts have not been addressed by those wanting more time to comply and it is the Board’s responsibility to continuously make efforts to lower NOx emissions and protect public health.

Supervisor Benoit noted that while health is a primary concern of the Board, the decisions must also be balanced with the economic impacts to all

constituents; and suggested that rather than extending the deadline, that the focus be to provide larger incentives to more adequately motivate the industry towards early compliance.

Councilwoman Mitchell spoke in favor of the staff proposal with the proviso that updates on the technology are regularly reported to Stationary Source Committee in the event that additional time needs to be provided for compliance.

Mayor Cacciotti inquired about the possibility of lending financial support to these developing technologies in an effort to make them more cost-effective for the industry.

DR. PARKER MADE A SUBSTITUTE MOTION TO: 1) APPROVE ITEM NO. 32 ADOPTING RESOLUTION NO. 12-16, CERTIFYING THE ADDENDUM TO THE FINAL ENVIRONMENTAL ASSESSMENT, AND AMENDING RULE 1110.2, AS RECOMMENDED BY STAFF, WITH THE MODIFICATION TO 4TH FULL PARAGRAPH ON PAGE 4 OF THE ADOPTING RESOLUTION, ADDING “**AND AT LEAST ANNUALLY THEREAFTER**”; AND 2) DIRECT THE EXECUTIVE OFFICER TO COME BACK TO THE STATIONARY SOURCE COMMITTEE IN NO MORE THAN 60 DAYS WITH PROPOSED ADDITIONAL INCENTIVES AND TO ALSO SUGGEST TO THE COMMITTEE AT THAT TIME WHAT SPECIFIC INFORMATION STAFF WOULD BE SEEKING AND REPORTING ON ANNUALLY TO THE COMMITTEE AND THEN FORWARDING ON TO THE BOARD. THE MOTION WAS SECONDED BY MAYOR YATES AND CARRIED BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Lyou, Mitchell, Parker, Pulido and Yates.

NOES: Nelson.

ABSTAIN: Antonovich.

ABSENT: Gonzales, Loveridge and Perry.

CONSENT CALENDAR (continued)

22. Items Deferred from Consent Calendar

6. Recognize Funds and Approve Additional Truck Projects under “Year 3” Proposition 1B-Goods Movement Program

Dr. Wallerstein noted that an errata sheet containing the removal of seven projects from consideration due to their failure to submit campaign contribution forms and correcting the name of one applicant was distributed to Board members and copies made available to the public.

Mayor Cacciotti announced his abstention on Item No. 6 due to campaign contributions from Athens Services. Supervisor Benoit announced his abstention on Item No. 6 due to campaign contributions from Robertson’s Ready Mix.

MOVED BY YATES, SECONDED BY LYOU,
AGENDA ITEM 6 APPROVED AS
RECOMMENDED BY STAFF, WITH THE
MODIFICATIONS AS STATED IN THE
ERRATA SHEET AND SET FORTH BELOW,
BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Lyou,
Mitchell, Nelson, Parker, Pulido,
and Yates.

NOES: None.

ABSTAIN: Benoit and Cacciotti.

ABSENT: Gonzales, Loveridge and Perry.

Remove the following seven applicants from the approval:

Project ID	Rank	Applicant Name	Project Type	Maximum Prop 1B Award
798-000	16	Jose Trinidad	Replacement	\$ 50,000
497-000	93	Sergio Ortiz Ramos	Replacement	\$ 50,000
730-D	137	Star Milling Company	Replacement	\$ 55,000
335-000	206	Antonio Hernandez	Replacement	\$ 48,000
691-23	208	Jose Herrera	Replacement	\$ 60,000
691-20	209	Jose Herrera	Replacement	\$ 60,000
473-000	253	Salvador Antonio Palacios	Replacement	\$ 50,000
206-000	271	Rick Blevins, Jr.	Replacement	\$ 50,000

Correct the name of applicant South California Fueling Transport, Inc. to South California Fueling Transportation, Inc.:

Project ID	Rank	Applicant Name	Project Type	Maximum Prop 1B Award
066-001	62	South California Fueling Transportation, Inc.	Replacement	\$ 60,000

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PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

There was no public comment on non-agenda items.

CLOSED SESSION

The Board recessed to closed session at 11:15 a.m., pursuant to Government Code section 54956.9(a) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party, as follows:

- Flashberg, et al. v. Dublin, et al., Los Angeles Superior Court Case No. BC463159.

General Counsel Kurt Wiese announced that there were no reportable actions taken in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned by Kurt Wiese at 12:10 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on September 7, 2012.

Respectfully Submitted,

Denise Pupo
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan

CARB = California Air Resources Board

FY = Fiscal Year

GHG = Greenhouse Gas

MSRC = Mobile Source (Air Pollution Reduction) Review Committee

NOx = Oxides of Nitrogen

PM_{2.5} = Particulate Matter \leq 2.5 microns

RFP = Request for Proposals

RFQ = Request for Quotations

SCR = Selective Catalytic Reduction

U.S. EPA = United States Environmental Protection Agency

VMT = Vehicle Miles Traveled